9. TRADING PARTNER STRATEGY

The success of an organization's EDI efforts will ultimately be determined by the level of participation of its trading partners. Therefore, the recruitment of trading partners should be an integral part of the EDI implementation strategy. In preparation for implementing an EDI application, an organization should formulate a cohesive trading partner strategy that addresses, at a minimum, the following items:

- Stratification, or grouping, of trading partners to determine implementation priority
- Development of a trading partner outreach program
- Registration of trading partners
- Process that should be followed when implementing trading partners

The sections that follow present detailed discussions of these topics.

9.1. STRATIFYING TRADING PARTNERS

Regardless of the size of its trading partner community, an organization should stratify its trading partners before implementing the EDI application. This will allow the organization to proceed on an evenly spaced schedule.

To stratify its trading partners, an organization must establish a timeframe for implementation as well as a set of criteria to differentiate the trading partners. Some suggested criteria are:

- **Current Transaction Volume**: An organization should consider the volume of business it conducts with each of its trading partners. By implementing trading partners with higher volumes, the organization can recoup its investment in EDI in a shorter timeframe.

  Exhibit 9-1, Sample Level 1 Stratification - Current Transaction Volume, presents an example of how this criteria can be applied. In this example 1,200 trading partners have been stratified by transaction volume over an implementation period of two years.

	IMPLEMENTATION TIME PERIOD							
	Year 1				Year 2			
Current Transaction Volume	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
200 - 500	10	20	20	60	70	70	30	10
100 - 200		10	20	20	60	60	20	10
50 - 100			10	10	20	40	30	20
1 - 50				10	20	50	50	30
TOTAL	**10**	**30**	**50**	**100**	**170**	**220**	**130**	**70**

NOTE: The data in this exhibit is fictitious and is intended as an example only.

Exhibit 9-1: Sample Level 1 Stratification - Current Transaction Volume

- **Data Processing Facilities**: Trading partners who perform their data processing activities in-house are strong candidates to be implemented first as they are more likely to already have the technical infrastructure necessary to implement an EDI application. Large service bureaus that provide data processing services to multiple trading partners should also be targeted for early implementation, as they will be able to bring several trading partners on board for little or no additional effort.

  Exhibit 9-2, Sample Level 2 Stratification - Data Processing Facilities, continues the example of the 1,200 trading partners further stratified using the second criteria.

	IMPLEMENTATION TIME PERIOD											
	Year 1											
	Q1			Q2			Q3			Q4		
Current Transaction Volume	Technically Capable?		3rd Party Srvcs.	Technically Capable?		3rd Party Srvcs.	Technically Capable?		3rd Party Srvcs.	Technically Capable?		3rd Party Srvcs.
	Yes	No		Yes	No		Yes	No		Yes	No	
200 - 500	5	0	5	5	5	10	5	10	5	20	20	20
100 - 200				10	0	0	10	5	5	5	10	5
50 - 100							5	5	0	5	5	0
1 - 50										5	5	0
TOTAL	**5**	**0**	**5**	**15**	**5**	**10**	**20**	**20**	**10**	**35**	**40**	**25**

NOTE: The data in this exhibit is fictitious and is intended as an example only.

Exhibit 9-2: Sample Level 2 Stratification - Data Processing Facilities

- **Willingness to Participate**: While the above two criteria provide an organization with target numbers of trading partners to schedule for implementation over a given period of time, the third criteria should be used to identify specific trading partners within each implementation time period. Trading partners who are ready and willing to participate in the EDI implementation should be implemented first. If a trading partners is resistant to the EDI application, they should be brought onboard after some initial success has been achieved with other trading partners.

Many organizations have found that conducting a survey is the most effective method of determining the willingness of trading partners to participate in an EDI program. Suggested topics to be covered in a trading partner survey are listed below:

- ➢ General information on trading partner, e.g., name, address, business and technical contact personnel
- ➢ Transaction volume
- ➢ Hardware and communications capabilities
- ➢ Status of current EDI programs (if any) including standards, EDI translation software, and VAN information
- ➢ Amount of time required to implement the EDI application
- ➢ Willingness to participate in an EDI program

A sample survey is presented in Appendix F, Trading Partner Survey Questionnaire and Scoring Guide. In this sample, certain key factors that affect the ability and willingness to implement EDI are identified, along with a weight rating of 1 to 5. A weight of 5 for a specific factor indicates a high or favorable level in terms of the trading partner's ability or willingness, while a weight of 1 represents a relatively low level of preparedness. These weights were used to develop the scoring guide also presented in Appendix F. High scores represent trading partners who are ready and willing to implement EDI, and should be scheduled for implementation first. Lower scoring trading partners should be scheduled later in the implementation period as they would require a higher level of assistance.

For example, using the sample stratification provided in Exhibits 9-1 and Exhibit 9-2, a trading partner survey would allow an organization to develop a list of the 50 trading partners with over 1,000 transactions who would be implemented in the first quarter of Year 1.

By stratifying its trading partners, an organization will be able to implement the EDI application with its trading partners on a steady, manageable schedule. The EDI Project Team should set target percentages of trading partners who will be implemented by certain key dates and gear the trading partner strategy to achieve these targets. This will ensure a smooth transition to the EDI application for both the organization and its trading partners.

9.2. DEVELOPING A TRADING PARTNER OUTREACH PROGRAM

An organization should develop a comprehensive outreach program to contact their trading partners and persuade them to implement the EDI application. The outreach program should include the following activities:

- The establishment of an Outreach Team that will be responsible for recruiting and implementing trading partners
- Providing assistance to trading partners in implementing the EDI application

These activities are described in further detail in the following sections.

9.2.1 ESTABLISH AN OUTREACH TEAM

To successfully implement an EDI program, an organization should establish a trading partner Outreach Team and assign it the responsibilities of contacting trading partners, providing them with information regarding the EDI application, and signing them up to participate. Listed below are the steps required to establish an Outreach Team:

- **Determine Members of the Outreach Team**: Members of the Outreach Team should be carefully selected and include personnel from all departments affected by the EDI application. The Outreach Team members should understand that the implementation of trading partners will be their main priority, and that they should be prepared to devote a considerable amount of time to this effort.
- **Prepare and Distribute EDI Materials**: An information packet containing descriptive material on EDI and the EDI application should be prepared and distributed to the members of the Outreach Team.
- **Train Outreach Team Members**: A training session should be held to acquaint the Outreach Team with EDI technology, the application being implemented, the trading partner survey process, and the organization's implementation procedures.
- **Set Implementation Goals for the Outreach Team**: It is recommended that target percentages or goals for trading partner implementation be set for the Outreach Team. Team members should then be responsible for ensuring that these goals are met.

9.2.2 PROVIDE ASSISTANCE TO TRADING PARTNERS

There are several ways in which an organization can provide assistance to its trading partners, such as trading partner kits, incentives, a help desk, or a trading partner conference. Each of these is described in the sections that follow.

9.2.2.1. TRADING PARTNER KITS

The Outreach Team should prepare and mail Trading Partner Kits to trading partners who have agreed to implement the EDI application. The purpose of the Trading Partner Kits is to provide trading partners with the materials they need to facilitate a seamless transition to the EDI application. Some items that an organization may choose to include in the Trading Partner Kits are:

- Letter introducing the new EDI application
- Functional design specifications and process flow diagrams
- Implementation Conventions for the transaction sets being implemented
- Testing procedures and schedule
- Trading Partner Information (e.g., Identification Number)
- Trading Partner Agreement
- Information on EDI translation software and network services
- Other educational materials

A sample Trading Partner Kit is presented in Appendix G, Sample Trading Partner Kit.

A well-organized Trading Partner Kit will greatly assist trading partners in implementing the EDI application, and minimize the amount of future support they will require.

9.2.2.2. TRADING PARTNER CONFERENCES

All trading partners should be strongly encouraged to attend a trading partner conference before they begin implementing the EDI application. In addition to providing education and training, a trading partner conference allows an organization to:

- Meet with trading partners face-to-face and establish a communication channel
- Answer questions and concerns regarding the organization's EDI strategy
- Recruit and sign up trading partners to participate in the EDI program

Trading partner conferences should be held periodically in different parts of the country.

9.2.2.3. INCENTIVES

An organization should offer some incentives to its trading partners to induce them to implement EDI. Described below are some incentives that have been proven to be effective in persuading trading partners to implement an EDI application:

- Education, training, documentation, and technical assistance
- Free or inexpensive EDI translation software. (Software vendors may offer customized versions of their packages with limited functionality for the trading partners of a large EDI Hub.)
- Free or inexpensive network services. (VANs may offer lower rates for the trading partners of a large EDI Hub.)

The organization should highlight these incentives in letters sent to trading partners to introduce the EDI application, and in other promotional materials (e.g., pamphlets and announcements). The materials should state that the software, network services, and technical assistance will be offered to all trading partners who participate in the EDI project.

9.2.2.4. HELP DESK

Another means of assisting trading partners is to establish a help desk. It is common for many trading partners to be unfamiliar with EDI, and they are likely to encounter technical and functional questions or problems during the course of implementation and testing. An organization should consider arranging for a help desk or hotline to answer questions from its trading partners. The help desk staff should be trained to answer questions regarding:

- EDI technology
- ANSI X12 standards
- The EDI application
- Problems in data communication or message rejection

The help desk facility should be available to answer questions during planned business hours.

9.2.3 TRADING PARTNER REGISTRATION

Once a trading partner has committed to participating in an EDI program, they should transmit an ANSI X12 838, Trading Partner Profile, transaction set to the organization implementing EDI. The organization can use the information in this transaction set, including trading partner name and address, banking information, to set up their trading partner databases and begin exchanging documents electronically.

If the trading partner conducts business with a government entity, they may already be registered in the Central Contractor Registration (CCR) database. If so, the organization should simply download the trading partner information from the CCR and update their in-house application systems.

9.2.4 TRADING PARTNER IMPLEMENTATION PROCEDURES

To implement an EDI application with a large number of trading partners, the organization should follow a well defined series of steps, as described below:

1. **Compile List of Trading Partners to be Implemented**: Periodically, the Outreach Team should compile a preliminary list of trading partners to be implemented. This list should contain each trading partner's name, address, and contact information, as well as their EDI readiness score (from the trading partner survey) and trading partner number.

2. **Send Information Letter to Trading Partners**: The Outreach Team should draft a letter to trading partners, providing information on the EDI application and preparing them for a follow up phone call from the Outreach Team.

3. **Contact Trading Partners**: The Outreach Team should contact trading partners and describe the EDI application to them. They should obtain a commitment from the trading partner to begin the implementation process, and schedule a date for training.

4. **Send Trading Partner Kits**: The Outreach Team should mail complete Trading Partner Kits to the trading partners who have signed up to implement the EDI application. The contents of the kits were described previously in this section.

5. **Install Software and Set Up Trading Partner Mailbox**: The trading partner should be responsible for installing their EDI translation software, and setting up their VAN mailbox. They should also perform necessary communications tests to ensure that their hardware, software, and communications systems are working correctly.

6. **Establish Schedule for Trading Partner Conferences and Training Sessions**: The Outreach Team should set up trading partner conferences and training sessions, as necessary, for trading partners who are scheduled for implementation. The Outreach Team should ensure that the necessary personnel are available for conferences and training sessions and that the required training material is available for trading partners.

7. **Conduct Conferences and Training Sessions**: The Outreach Team should conduct conferences and training sessions as necessary for trading partners. If training sessions are to be conducted, trading partners should ensure that they have access to their software and communications facilities during the training session. At the end of the training session, the trading partner should be proficient in using the EDI application, and comfortable with troubleshooting procedures for the EDI application.

8. **Set Up Test Schedule**: At the end of the training session, the Outreach Team should schedule the trading partner for dummy and acceptance tests.

9. **Set Up Test Mailbox**: The Outreach Team should coordinate the task of setting up trading partner relationships, if necessary, in the organization's test mailbox for trading partners who will begin the testing process.

10. **Prepare Dummy Data Test Messages**: The Outreach Team should create data required for dummy test messages and place them in the trading partner's mailbox prior to the commencement of testing.

11. **Conduct Dummy Data Test**: The Outreach Team should be responsible for conducting dummy transaction tests with trading partners. The dummy test should consist of one test message for each transaction set being sent to or received from trading partners. If the trading partner is unable to complete the tests successfully, the Outreach Team should conduct a series of follow up tests with the trading partner. Trading partners should be given sufficient time between each testing round to make any necessary changes to their systems and manual procedures.

12. **Conduct Acceptance Test**: The Outreach Team should be responsible for conducting acceptance tests with trading partners. The test transaction set should contain "live" data. If the trading partner is unable to complete the tests successfully, the Outreach Team should conduct a series of follow up tests with the trading partner.

13. **Set Up Production Mailbox**: The Outreach Team should be responsible for setting up the trading partner relationship in the organization's production mailbox for those trading partners who have completed testing.

14. **Implement Trading Partner on the EDI Application**: Once the rest of the steps have been completed, the trading partner should be implemented on the "live" EDI application. At this time, the trading partner should discontinue using any traditional paper-based process and rely solely on the EDI application.

The Outreach Team should set up a schedule for each of the above activities for each stratified group of trading partners. This schedule, along with other materials in the Trading Partner Kit, should be communicated to trading partners as soon as possible to give them adequate time to modify their in house application systems, acquire EDI translation software and network services, and establish the required internal processes. The organization should bear in mind that trading partners may require as little as a few weeks or as much as three months to implement an EDI program, and take this time lag into consideration in their implementation schedule.